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FM AMEMBASSY BELMOPAN
TO RUEHC/SECSTATE WASHDC PRIORITY 0469
INFO RUCNCOM/EC CARICOM COLLECTIVE
RUEHZA/WHA CENTRAL AMERICA COLLECTIVE
RUEHBJ/AMEMBASSY BEIJING 0001
RUEHIN/AIT TAIPEI 0003

C O N F I D E N T I A L BELMOPAN 000287

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E.O. 12958: DECL: 04/30/2017
TAGS: [PREL](#) [PGOV](#) [PINR](#) [ECON](#) [BH](#)
SUBJECT: BELIZE: OPPOSITION LEADER DISCUSSES THE WAY AHEAD

Classified By: Ambassador Robert J. Dieter for reason 1.5(d).

¶1. (C) SUMMARY: Opposition leader Dean Barrow told us that he expects victory in the upcoming election but is taking nothing for granted. Government corruption and a "reform agenda" will be his main issues in the campaign. He foresees good relations with the U.S., believes momentum is building for progress on the Belize-Guatemala border issue and does not plan any changes in relations with Taiwan. END SUMMARY.

¶2. (U) Appearing relaxed and candid, opposition United Democratic Party (UDP) leader Dean Barrow met with Ambassador and DCM over lunch April 26 for a wide-ranging discussion of domestic politics, the economy, foreign relations, and changes likely to occur in Belize if the UDP wins the next election.

DOMESTIC POLITICS: ELECTION ISSUES

¶3. (C) Barrow said that, while many early signs had been pointing toward a November election, he now saw indications that the Prime Minister Said Musa's People's United Party (PUP) government would try to stay in office until its term expired in early 2008. Barrow's analysis of the recent village council elections was that the PUP, although subject to a lot of bad press recently and trailing badly in every poll that has been released, was not going to go down without a fight. He said that he expected no seat to be won easily and estimated that the UDP could get a majority of 18 to 20 of the 31 seats in the National Assembly.

¶4. (C) As far as campaign issues, Barrow saw corruption scandals and the "reform agenda" as the UDP's main selling points. Asked how he would overcome voter cynicism that a UDP victory would simply change one set of crooks for another he acknowledged the point but said he would run on his personal record and also on a platform that would include new good governance legislation as well as the creation of a "Transparency Commission" made up of civil society to improve accountability. He acknowledged past UDP failures in this area, ascribing most of the problems to former leader Manuel Esquivel's management style: Esquivel himself was "completely clean" but preferred not to micro-manage his ministers and as a result suffered through several high-profile corruption scandals in his Cabinet. Barrow made it clear that he intended to be a much more hands-on manager as PM. He said that the UDP's platform was still being crafted but that he hoped fiscal constraints would allow him to propose some sort of school feeding program and assistance for entrepreneurs aimed at single mothers.

¶5. (C) When complimented on his Spanish in a recent campaign ad, Barrow laughed and said that the changing

demographics of Belize required it. The electorate now had a majority of Spanish speakers, and it was not credible for a leader to claim to represent the country without being at least conversant in the language that wasn't his mother tongue. He commented that race also was a factor, saying that as a black man he had to make the effort to speak Spanish to appeal to Hispanic voters.

16. (C) Asked about UDP views on taxation of the oil sector, Barrow said that he had taken the Government at its word when they said that they had consulted experts and had set an appropriate level of taxation for oil producers. He had been surprised when the Government Leader in the Senate had subsequently insisted on raising tax rates and making them retroactive. At that point, he said, the UDP assumed bad faith of some sort and began calling for higher rates as well. He said he had met with the head of Belize Natural Energy -- currently the sole energy producer in the country -- and understood their requirement for clear rules on taxation. (NOTE: The vast majority of investment in energy exploration in Belize is from the U.S. We have made the point to the Government that unpredictable, retroactive tax regimes are a negative incentive for other firms looking for energy here. END NOTE.)

CORRUPTION SCANDALS

17. (C) Commenting on the current round of scandals engulfing the PUP, Barrow said that the press had done a good job of exposing issues and raising public awareness. As a result of the scrutiny the government, after weeks of claiming that the agreement was confidential, had finally made available for his inspection the loan guarantee it had provided for the debt of bankrupt private company Universal Health Services (UHS). Barrow noted that the law required the House to vote to approve public debt, so that the UHS agreement would have to come up for approval. At least one Cabinet Minister was already on record as opposing the guarantee, so there was a possibility that a vote on the UHS deal could split the PUP caucus. Barrow thought, however, that in the end party discipline would prevail and the government would not fall over the issue. (NOTE: A total of five ministers have now publicly stated their opposition to the guarantee.)

18. (C) Barrow said he found it puzzling that PM Musa -- whom he described as a likeable man with a good sense of humor -- found himself associated with so much scandal. It was hard to see, he commented, how Musa had come to the point where his name was usually associated with terms like "liar" and "dissembling."

FOREIGN POLICY: STAY THE COURSE

19. (C) Barrow, who spent several weeks in Guatemala last fall taking an intensive Spanish course, said that he saw an ICJ referral for the border dispute as the only way forward. Further negotiations would be "sterile," since both countries' positions were well-developed and in the end seemed irreconcilable. As a lawyer, he said, he recognized that there was always a risk in litigation but that Belize's case was strong. He said that elections in both Belize and Guatemala complicated the equation and agreed that the need for referenda in both countries added an additional electoral wild card to the mix. He remained optimistic, however, and appreciated the Ambassador's information that there seemed to be movement on the resettlement of the village of Santa Rosa (SEPTTEL). He said that Belize's negotiator for Guatemala, Assad Shoman, was a "smart fellow." Barrow said that he personally would have no problem keeping Shoman in the position but believed that if he did so he would cause a revolt among his party's "radicals" who saw Shoman as an unreconstructed socialist and too much of a crony of PM Musa. In any event, he said, if the case went to the ICJ the need for a negotiator disappeared. Surprisingly, he was not aware of plans to improve the road leading to the Guatemalan border in

the south.

¶10. (C) Asked where he saw U.S. relations going if he were to become Prime Minister, Barrow said the he could see no major irritants looming. He described his party's politics as "conservative." He appreciated the assistance that the USG provided to Belize, noting that despite the closing of USAID's office here we seemed to be doing as much as we could within the limits of our resources, and said that at this point he had no specific suggestions of what else the USG could do to help the country. Relations with Mexico, he said, were good and would remain so, despite occasional frustrations.

¶11. (C) Barrow brought up the subject of Taiwan, saying that the UDP had previously established relations with the PRC. The PUP had later switched to Taiwan, and there was concern when the UDP came back to office that they would switch back again. Barrow said, however, that he was convinced that the relationship with Taiwan offered the most for Belize. He had traveled to the PRC with former PM Esquivel and although they were treated well the Chinese promises of economic and business development had never materialized. He said that although it might sound crass, the Taiwanese were willing to do more for Belize and so the UDP had no thought of establishing relations with the PRC.

BIOGRAPHIC NOTES

¶12. (C) Barrow mentioned several times in our conversation that he was 56 and said that this would likely be his last election. (COMMENT: He has reportedly said this before other elections, too. END COMMENT.) He said that he would be taking a leave of absence from his law firm when the court took its summer recess so that he could devote his full attention to politics and the upcoming campaign. He mentioned a son who is a rap musician serving time in prison in the U.S. for a 1999 shooting in New York involving Sean Combs and Jennifer Lopez.
DIETER